CITY OF MULLINVILLE, KANSAS

REGULATORY BASIS FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2022

CITY OF MULLINVILLE, KANSAS

REGULATORY BASIS FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2022

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LEWIS, HOOPER & DICK LLC
certified public accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council Members
City of Mullinville, Kansas

Report on the Audit of the Financial Statement

Opinions

We have audited the regulatory basis fund summary statement of receipts, expenditures and unencumbered cash of the City of Mullinville, Kansas, (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City, as of December 31, 2022, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide (KMAAG)* as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City as of December 31, 2022, or changes in net position or cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *KMAAG*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As described in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *KMAAG*, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Kansas' regulatory basis of accounting and budget laws. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the *KMAAG* to demonstrate compliance with the State of Kansas' regulatory basis of accounting and budget laws; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the *KMAAG* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and the *KMAAG*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the regulatory basis fund summary statement of receipts, expenditures and unencumbered cash (the financial statement) as a whole. The regulatory basis summary of expenditures - actual and budget, and the regulatory basis individual fund schedules of receipts and expenditures (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement; however, they are required to be presented under the provisions of the *KMAAG*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Lewis, Hooper & Dick, LLC

LEWIS, HOOPER & DICK, LLC

June 29, 2023

CITY OF MULLINVILLE, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2022

Funds	Unencumbered Cash 1/1/22	Receipts	Expenditures	Unencumbered Cash (Deficit) 12/31/22	Add Payables and Encumbrances	Treasurer's Cash 12/31/22
General	$ 126,260	$ 232,105	$ 288,627	$ 69,738	$ 17,483	$ 87,221
Special Purpose Funds:						
Fire	13,972	12,356	6,588	19,740	-	19,740
Special Highway	13,452	5,734	-	19,186	-	19,186
Equipment Reserve	1,630	-	163	1,467	-	1,467
Total Special Purpose Funds	29,054	18,090	6,751	40,393	-	40,393
Capital Project Funds:						
Grants	-	1,037,862	1,129,940	(92,078)	92,578	500
Business Funds:						
Water and Sewer Utility:						
General	142,609	113,534	95,766	160,377	580	160,957
Customer Deposits	1,705	177	-	1,882	-	1,882
Total Water and Sewer Utility	144,314	113,711	95,766	162,259	580	162,839
Solid Waste	3,695	25,183	26,631	2,247	-	2,247
Total Business Funds	148,009	138,894	122,397	164,506	580	165,086
Total Reporting Entity (memorandum only)	$ 303,323	$ 1,426,951	$ 1,547,715	$ 182,559	$ 110,641	$ 293,200

Composition of Cash:		
Haviland State Bank	$ 404,954	
Less outstanding warrants	(159,182)	
Total cash in bank		$ 245,772
Investments - Idle Funds		47,328
Cash on hand		100
Total cash		$ 293,200

The accompanying Notes to the Financial Statement are an integral part of this statement.

1. Summary of significant accounting policies

The City of Mullinville, Kansas, (the City) was incorporated under the provisions of the State of Kansas. The City operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety (fire), streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. Other services include utilities.

A. Financial reporting entity

The City is governed by an elected five-member council and a mayor. This financial statement presents the City of Mullinville (the municipality) and its related municipal entities. The related municipal entities are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The City has no organizations, functions or activities which are considered related municipal entities of the City.

B. Regulatory basis of accounting and departure from accounting principles generally accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide (KMAAG)* regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The *KMAAG* regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. (Kansas Statutes Annotated) 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

C. Regulatory basis fund types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following fund types are used by the City:

General fund – the chief operating fund; used to account for all resources except those required to be accounted for in another fund.

Special Purpose funds – used to account for the proceeds of specific tax levies and other specific receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest funds – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project funds – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

1. Summary of significant accounting policies (continued)

C. Regulatory basis fund types (continued)
Business funds – financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service funds, etc...).

Trust funds – used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc...).

Agency funds – used to report assets held by the municipal reporting entity in a purely custodial capacity (i.e. payroll clearing fund, etc...).

D. Cash and investments
Cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the City (except for investments in the Kansas Municipal Investment Pool). Cash includes amounts in demand deposits, time deposits and certificates of deposit. Investments of the pooled accounts consist primarily of investments with the Kansas Municipal Investment Pool and U.S. government securities carried at cost, which approximates market. Interest income earned, unless specifically designated, is allocated to the general fund.

E. Property taxes and special assessments
The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas are the responsibility of the counties. The County Appraiser annually determines assessed valuations based on real property transactions as recorded by the Register of Deeds and personal property holdings reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls and the County Treasurer collects the taxes for all taxing entities within the County.

Taxes are assessed on a calendar year basis, are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing the taxes collected in the year levied prior to January 1st of the ensuing year. One-half of the property taxes are due December 20th and distributed to the City by January 20th to finance a portion of the current year's budget. The second half is due May 10th and distributed to the City by June 5th. The City Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments received prior to or after the issuance of general obligation bonds are recorded as receipts in the appropriate project fund. Further, state statutes require levying additional general ad valorem property taxes in the bond and interest fund to finance delinquent special assessments receivable.

1. Summary of significant accounting policies (continued)

F. Interfund transactions and reimbursements

Quasi-external transactions (i.e., transactions that would be treated as receipts or expenditures if they involved organizations external to the governmental unit, such as internal service fund billings to departments) are accounted for as receipts or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of the expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

G. Memorandum totals

Totals on the financial statement are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. No consolidated financial information is presented nor are all required disclosures presented for these amounts.

2. Stewardship, compliance and accountability

A. Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds and business funds (unless specifically exempted by statute). Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The City did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. An amendment made to the original budget was approved by the governing body during the year, resulting in additional budget authority for the General fund of $86,000. There was also a qualifying budget adjustment made to the Water and Sewer Utility fund for $18,389 due to grants received during the current year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

2. Stewardship, compliance and accountability (continued)

A. Budgetary information (continued)
All legal annual operating budgets are prepared using the regulatory basis of accounting, in which receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital projects funds and trust funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body.

B. Compliance with finance-related legal and contractual provisions
References made herein to the statutes are not intended as interpretation of law, but are offered for consideration of the Kansas Department of Administration's Chief Financial Officer and interpretation by the County Attorney and the legal representative of the City.

There are no known material violations of finance-related legal and contractual provisions including Kansas statutes, regulations, contracts, debt covenants, or other agreements for the year ended December 31, 2022.

3. Detailed notes on all funds

A. Deposits and investments
A reconciliation of cash and investments as shown in the composition of cash on the summary statement of receipts, expenditures and unencumbered cash on Statement 1 is as follows:

Cash on hand	$	100
Carrying amount of deposits		293,100
Total cash	$	293,200

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

3. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

Concentration of credit risk
State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial credit risk – deposits
Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka except during designated "peak periods" when required coverage is 50%. The City does not use designated "peak periods".

At December 31, 2022, the City's carrying amount of deposits was $293,100 and the bank balance was $452,282. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $297,327 was covered by federal depository insurance, $86,781 was collateralized with securities held by the pledging financial institutions' agents in the City's name, and $68,174 was unsecured. The City's cash deposits at year-end are as follows:

	Centera Bank
FDIC coverage	$ 297,327
Pledged securities at market value	86,781
Total coverage	$ 384,108
Funds on deposit	$ 452,282
Funds at risk	$ 68,174

Custodial credit risk – investments
Custodial credit risk for an investment is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments of this type at December 31, 2022.

B. Capital projects in progress
Capital project authorizations with approved change orders compared to expenditures from inception to December 31, 2022, are as follows:

	Project Authorization	Expenditures to Date	Committed
Water supply	$ 1,503,535	$ 1,219,739	$ 283,796
City shop driveway	15,400	15,810	-
Well pump repair	36,134	36,134	-
Water tower painting	17,565	17,565	-
Community building roof	62,048	62,048	-

3. Detailed notes on all funds (continued)

C. Long-term debt

Changes in long-term debt for the City for the year ended December 31, 2022, were as follows:

Issue	Date of Issuance	Maximum Interest Rate	Date of Final Maturity	Amount of Issue	Balance 1/1/22	Additions	Reductions/ Payments	Balance 12/31/22	Interest Paid
KDHE Loans payable:									
Kansas Public Water Supply Loan Fund Project 3014	02/05/21	1.30%	02/01/24	$ 1,271,190	$ 104,800	$ 759,796	$ -	$ 864,596	$ 1,219
Finance leases payable:									
White Star Bobcat	05/23/19	3.55%	02/15/23	24,580	9,832	-	4,916	4,916	332
Total long-term debt				$ 1,295,770	$ 114,632	$ 759,796	$ 4,916	$ 869,512	$ 1,551

The City entered into a loan agreement with KDHE on February 5, 2021. According to the agreement, KDHE will loan an amount not to exceed $ 1,271,190 to the City for the purpose of making improvements to the City's public water supply system. The interest rate on the loan is 1.30%. As of December 31, 2022, the City has drawn down $864,596.

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	Year		
	2023	2024	Total
Principal:			
KDHE Loans payable	$ -	$ 864,596	$ 864,596
Finance leases payable	4,916	-	4,916
Total principal	4,916	864,596	869,512
Interest:			
KDHE Loans payable	-	3,908	3,908
Finance leases payable	169	-	169
Total interest	169	3,908	4,077
Total principal and interest	$ 5,085	$ 868,504	$ 873,589

Legal debt margin

The debt limit per K.S.A. 10-308 is thirty percent of the assessed tangible valuation of the City given by the County Assessor to the County Clerk on the preceding August 25th each year. The amount of debt outstanding does not exceed the statutory limit.

D. Interfund transfers

Interfund operating transfers are as follows:

From	To	Statutory Authority	Amount
General	Grants		$ 2,500
Water and Sewer Utility	General	12-825d	6,750
Total			$ 9,250

4. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

B. Post-employment health care benefits

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

Death and Disability Other Post Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2022.

C. Compensated absences

The City's policy regarding leave pay permits full-time employees to accumulate leave days at a maximum rate of 15 days per year. Accumulated leave must be used by the end of the year. Leave may be used for vacation, sick leave, and personal leave. The City pays unused accumulated leave pay at termination of employment. The cost of the accrued leave time at December 31, 2022, has not been quantified in this financial statement.

D. Defined benefit pension plan

Plan description: The City of Mullinville, Kansas, participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing, multiple-employer defined benefit pension plan as provided by K.S.A 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

4. Other information (continued)

D. Defined benefit pension plan

Contributions: K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate is 8.90% for the fiscal year ended December 31, 2022. Contributions to the pension plan from the City are $3,140 for the year ended December 31, 2022.

Net pension liability: At December 31, 2022, the City's proportionate share of the collective net pension liability reported by KPERS is $22,127. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the local subgroup within KPERS. Since the *KMAAG* regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

E. Commitments and contingencies

Contingencies

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statement of the City at December 31, 2022.

F. Subsequent events

Subsequent to December 31, 2022, the City entered into agreements for improvements to the water tower communications system totaling $53,690.

REGULATORY REQUIRED SUPPLEMENTAL INFORMATION

CITY OF MULLINVILLE, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget	Expenditures Chargeable to Current Year Budget	Variance Over (Under)
General	$ 291,000	$ -	$ 291,000	$ 288,627	$ (2,373)
Special Purpose Funds:					
Fire	21,174	-	21,174	6,588	(14,586)
Special Highway	11,986	-	11,986	-	(11,986)
Equipment Reserve	17,546	-	17,546	163	(17,383)
Business Funds:					
Water and Sewer Utility:					
General	110,350	18,389	128,739	95,766	(32,973)
Customer Deposits	2,805	-	2,805	-	(2,805)
Solid Waste	30,826	-	30,826	26,631	(4,195)

CITY OF MULLINVILLE, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022

	Current Year		
	Actual	Budget	Variance Over (Under)
Receipts:			
Administration:			
Taxes	$ 194,089	$ 180,260	$ 13,829
Franchises	15,289	12,000	3,289
Licenses and permits	1,623	-	1,623
Use of money and property	6,110	-	6,110
Interest on investments	977	-	977
Refunds and miscellaneous	7,267	-	7,267
Total administration	225,355	192,260	33,095
Transfer from Water and Sewer Utility	6,750	2,750	4,000
Transfer from Solid Waste	-	3,000	(3,000)
Total receipts	232,105	$ 198,010	$ 34,095
Expenditures:			
General administration:			
Personnel	79,671	$ 80,000	$ (329)
Contractual	44,953	60,000	(15,047)
Commodities	152,024	65,000	87,024
Capital outlay	9,479	86,000	(76,521)
Total general administration	286,127	291,000	(4,873)
Transfer to Grants	2,500	-	2,500
Total expenditures	288,627	$ 291,000	$ (2,373)
Receipts under expenditures	(56,522)		
Unencumbered cash, beginning of year	126,260		
Unencumbered cash, end of year	$ 69,738		

CITY OF MULLINVILLE, KANSAS
Fire Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022

	Current Year		
	Actual	Budget	Variance Over (Under)
Receipts:			
Taxes	$ 11,297	$ 11,166	$ 131
Miscellaneous	1,059	-	1,059
Total receipts	12,356	$ 11,166	$ 1,190
Expenditures:			
General administration:			
Personal services	-	$ 2,500	$ (2,500)
Contractual services	6,588	5,500	1,088
Commodities	-	314	(314)
Capital outlay	-	12,860	(12,860)
Total expenditures	6,588	$ 21,174	$ (14,586)
Receipts over expenditures	5,768		
Unencumbered cash, beginning of year	13,972		
Unencumbered cash, end of year	$ 19,740		

CITY OF MULLINVILLE, KANSAS
Special Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022

	Current Year		
	Actual	Budget	Variance Over (Under)
Receipts:			
State of Kansas - gas tax	$ 5,734	$ 6,200	$ (466)
Expenditures:			
Commodities	-	$ 11,986	$ (11,986)
Receipts over expenditures	5,734		
Unencumbered cash, beginning of year	13,452		
Unencumbered cash, end of year	$ 19,186		

CITY OF MULLINVILLE, KANSAS
Equipment Reserve Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022

	Current Year		
	Actual	Budget	Variance Over (Under)
Receipts:			
Other Income	$ -	$ -	$ -
Expenditures:			
Capital outlay	163	$ 17,546	$ (17,383)
Receipts under expenditures	(163)		
Unencumbered cash, beginning of year	1,630		
Unencumbered cash, end of year	$ 1,467		

CITY OF MULLINVILLE, KANSAS
Grants Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022

	Current Year Actual
Receipts:	
Intergovernmental revenues	$ 1,035,362
Transfer in	2,500
Total receipts	1,037,862
Expenditures:	
Capital outlay	1,129,940
Receipts under expenditures	(92,078)
Unencumbered cash, beginning of year	-
Unencumbered cash (deficit), end of year	$ (92,078)

CITY OF MULLINVILLE, KANSAS
Water and Sewer Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022

	Current Year		
	Actual	Budget	Variance Over (Under)
Receipts:			
Charge for services	$ 95,004	$ 72,600	$ 22,404
Bulk sales	141	-	141
Intergovernmental revenue	18,389	18,389	-
Total receipts	113,534	$ 90,989	$ 22,545
Expenditures:			
Personnel	8,453	$ 40,000	$ (31,547)
Contractual	515	8,000	(7,485)
Commodities	53,544	16,000	37,544
Capital outlay	26,504	61,989	(35,485)
Transfer to General	6,750	2,750	4,000
Total expenditures	95,766	$ 128,739	$ (32,973)
Receipts over expenditures	17,768		
Unencumbered cash, beginning of year	142,609		
Unencumbered cash, end of year	$ 160,377		

CITY OF MULLINVILLE, KANSAS
Meter Deposits Fund
Statement of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022

	Current Year		
	Actual	Budget	Variance Over (Under)
Receipts:			
Customer deposits	$ 177	$ 1,000	$ (823)
Expenditures:			
Customer deposits	-	$ 2,805	$ (2,805)
Receipts over expenditures	177		
Unencumbered cash, beginning of year	1,705		
Unencumbered cash, end of year	$ 1,882		

CITY OF MULLINVILLE, KANSAS
Solid Waste Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022

	Current Year		
	Actual	Budget	Variance Over (Under)
Receipts:			
Charge for services	$ 25,183	$ 27,400	$ (2,217)
Expenditures:			
Contractual	24,500	$ 27,826	$ (3,326)
Commodities	2,131	-	2,131
Transfer to General	-	3,000	(3,000)
Total expenditures	26,631	$ 30,826	$ (4,195)
Receipts under expenditures	(1,448)		
Unencumbered cash, beginning of year	3,695		
Unencumbered cash, end of year	$ 2,247		